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PTQ4485

RELEASED IN PART
B1, 1.4(B), 1.4(D)PAGE 01 CARACA 00090 01 OF 02 092155Z
ACTION WHA-00

INFO	LOG-00	MFA-00	NP-00	AID-00	CEA-01	CIAE-00	CTME-00
	DINT-00	DODE-00	PERC-00	SRPP-00	DS-00	EB-00	EXIM-01
	E-00	VC-00	FRB-00	H-01	TEDE-00	INR-00	ITC-01
	L-00	VCE-00	AC-01	NSAE-00	OES-00	OMB-01	OPIC-01
	PA-00	PM-00	PRS-00	ACE-00	P-00	SP-00	IRM-00
	SSO-00	STR-00	TRSE-00	USIE-00	ASDS-00	EPAE-00	PMB-00
	DSCC-00	PRM-00	DRL-02	G-00	NFAT-00	SAS-00	/009W

-----22C158 092155Z /38

O 092045Z JAN 03
 FM AMEMBASSY CARACAS
 TO SECSTATE WASHDC IMMEDIATE 9506
 INFO DEPT OF COMMERCE WASHDC PRIORITY
 DEPT OF ENERGY WASHDC PRIORITY
 NSC WASHDC PRIORITY
 OPEC COLLECTIVE
 AMEMBASSY BOGOTA
 AMEMBASSY BRASILIA
 AMEMBASSY LA PAZ
 AMEMBASSY LIMA
 AMEMBASSY MEXICO
 AMEMBASSY PORT OF SPAIN
 AMEMBASSY QUITO
 AMEMBASSY SANTIAGO

C O N F I D E N T I A L SECTION 01 OF 02 CARACAS 000090

NSC FOR LLORENS

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 ENERGY FOR D.PHUMPHREY, A.LOCKWOOD, M.BILLIG, AND B.MARCOIS
 STATE PASS USAID FOR DCHA/OTI - R.ULLRICH AND R.PORTER

E.O. 12958: DECL: 01/09/2013
 TAGS: EPET, PGOV, ASEC, VE
 SUBJECT: VENEZUELA ENERGY UPDATE: JANUARY 9, 2003

REF: CARACAS 39

CLASSIFIED BY: AMBASSADOR CHARLES S. SHAPIRO, REASONS 1.5 (B) AND (D)

 SUMMARY

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1. (C) THE PETROLEOS DE VENEZUELA (PDVSA) OPPOSITION
ACKNOWLEDGES ON JANUARY 9 THAT VENEZUELAN CRUDE PRODUCTION IS
NOW 341,000 BARRELS PER DAY.

B1

THE PUBLIC ANNOUNCEMENT WILL

BE MADE ON JANUARY 13 THAT CHEVRONTEXACO WILL BE AWARDED
BLOCK 2 OF THE DELTANA PLATFORM NATURAL GAS PROJECT.

B1

ALSO INTRODUCED THE AMBASSADOR TO LUIS VIERMA, CONFIRMED AS
THE NEW VICE MINISTER OF ENERGY AND MINES.

B1

INFORMED [REDACTED] THAT ITS PRODUCTION IN THE WEST HAS
DROPPED BECAUSE OF STORAGE PROBLEMS AT THE BAJO GRANDE
REFINERY. ALL COMPANY EXPATRIATES WILL RETURN TO VENEZUELA
BY JANUARY 13.

B1

CARBOZULIA, THE PDVSA

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AFFILIATE THAT PRODUCES COAL IN ZULIA STATE, DECLARED FORCE
MAJEURE ON JANUARY 8. END SUMMARY.

OIL PRODUCTION

2. (C) ACCORDING TO THE PDVSA OPPOSITION GROUP "GENTE DE
PETROLEO" (PETROLEUM PEOPLE), VENEZUELAN OIL PRODUCTION ON
JANUARY 9 IS 341,000 BARRELS PER DAY (B/D). THIS IS BROKEN
DOWN AS FOLLOWS: 184,000 BARRELS OF PRODUCTION FROM THE
WEST, OF WHICH 98,000 BARRELS ARE PDVSA'S OWN PRODUCTION AND
86,000 BARRELS ARE PRODUCED BY THIRD PARTY OPERATORS.
EASTERN PRODUCTION IS PUT AT 150,000 BARRELS, OF WHICH 90,000
BARRELS ARE PDVSA'S OWN PRODUCTION, 48,000 BARRELS ARE FROM
THIRD PARTY OPERATORS, AND 12,000 BARRELS ARE PRODUCED BY
PDVSA GAS. FINALLY, THE REPORT ADDS THAT 7,000 BARRELS ARE
BEING PRODUCED OUT OF PDVSA'S SOUTHERN OPERATIONS IN BARINAS.

THE REPORT NOTES THAT THE INCREASED PRODUCTION CAME OUT OF
PDVSA'S OPERATIONS IN LAGUNILLAS IN THE WEST AND FROM THE
THIRD PARTY OPERATORS IN THE EAST.

3. (C) THE JANUARY 9 REPORT, HOWEVER, INCLUDES A NUMBER OF
ALERTS CONCERNING OPERATIONAL FAILURES. ACCORDING TO "GENTE
DE PETROLEO," THE PIPES OF 18 WELLS IN LAKE MARACAIBO ARE NOW
BROKEN, WHILE UNCONTROLLED VENTING FROM FLOW STATIONS IS
CAUSING ADDITIONAL CONTAMINATION OF THE LAKE. THE REPORT
ALSO ALLEGES THAT CRUDE PRODUCTION FROM THE PIRITAL AND
OROCUAL FIELDS IN THE EAST IS CONTINUING WITHOUT THE
NECESSARY FLUID INJECTION WHICH WILL CAUSE IRREVERSIBLE

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DAMAGE TO THE FIELDS.

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CHANGES AT THE MINISTRY OF ENERGY AND MINES

4. (C)

INTRODUCED

THE AMBASSADOR TO LUIS VIERMA, WHOM HE IDENTIFIED AS THE NEW
VICE MINISTER OF ENERGY AND MINES. VIERMA, A PDVSA LOANEE,
HAS SERVED AS THE MINISTRY'S DIRECTOR FOR HYDROCARBONS FOR
SOME TIME.

B1

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CHEVRONTEXACO: GETS THE NOD FOR DELTANA PLATFORM?
OPERATIONAL UPDATE

5. (C) [] ALSO INFORMED THE AMBASSADOR THAT
CHEVRONTEXACO'S BID ON BLOCK 2 OF THE DELTANA PLATFORM
PROJECT WOULD BE ACCEPTED BY THE GOV AND THAT THE
ANNOUNCEMENT WILL BE MADE ON MONDAY, JANUARY 13.

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ACTION WHA-00

INFO	LOG-00	MFA-00	NP-00	AID-00	CEA-01	CIAE-00	CTME-00
DINT-00	DODE-00	PERC-00	SRPP-00	DS-00	EB-00	EXIM-01	
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SSO-00	STR-00	TRSE-00	USIE-00	ASDS-00	EPAE-00	PMB-00	
DSCC-00	PRM-00	DRL-02	G-00	NFAT-00	SAS-00	/009W	

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FM AMEMBASSY CARACAS

TO SECSTATE WASHDC IMMEDIATE 9507
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C O N F I D E N T I A L SECTION 02 OF 02 CARACAS 000090

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[REDACTED] B1
[REDACTED] B1

[REDACTED] B1
[REDACTED] B1

[REDACTED] B1

THIS
STEP HAS BEEN TAKEN BECAUSE THE STORAGE CAPACITY AT THE BAJO
GRANDE REFINERY IS CLOSE TO FULL. [REDACTED] ADDED THAT THE GOV
HAS ASKED THE COMPANY TO PUMP FROM [REDACTED] AT THE
MAXIMUM (APPROXIMATELY 16,000 BARRELS) IN ORDER TO ASSURE GAS
FOR DOMESTIC CONSUMPTION IN MARACAIBO. (NOTE: ANOTHER
[REDACTED] TODAY REPORTED THAT TOTAL [REDACTED]
PRODUCTION IS 60,000 B/D. END NOTE)

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6. (C) [REDACTED] ALSO INFORMED THE AMBASSADOR THAT ALL
[REDACTED] EXPATRIATES AND THEIR FAMILIES WILL RETURN TO
VENEZUELA NO LATER THAN MONDAY, JANUARY 13. HE ADDED THAT
5,000 (OF 7,000) OF THE CONSTRUCTION WORKERS ON THE HAMACA
PROJECT UPGRADE IN JOSE HAVE NOW RETURNED TO THE JOB (SEE
REFTEL). THE NEXT HURDLE IN GETTING CONSTRUCTION UP AGAIN IS
THE AVAILABILITY OF CEMENT, WHICH IS IN SHORT SUPPLY DUE TO
THE SHORTAGE OF NATURAL GAS.

GOV CALLING ON OTHER U.S. COMPANIES

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OTHER STRIKE NEWS

8. (C) [REDACTED] INFORMED ECONOFF ON JANUARY 8 THAT THE OPPOSITION LEADERS ANTICIPATE THAT AS MANY AS 4,000 PDVSA EMPLOYEES WILL BE FIRED. HE ALSO PASSED ON THE INFORMATION THAT CARBOZULIA, THE PDVSA AFFILIATE THAT PRODUCES COAL IN ZULIA STATE FOR EXPORT TO THE U.S., DECLARED FORCE MAJEURE ON JANUARY 8.

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SHAPIRO

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